

# Reductions and penalties

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## Reductions and administrative penalties

### Failure to declare your land

Each year, you must declare all the permanent and seasonal land that you own or lease on 15 May of the year you submit your Single Application Form.

If we find a difference between the total area you declare on your Single Application Form and the total land that you should have declared, we will reduce any payments due to you as follows:

Difference between land that is declared and what we find	Penalty applied
Up to 3%	No penalty
More than 3% and up to 20%	1% reduction
More than 20% and up to 50%	2% reduction
More than 50%	3% reduction

If you have any doubt about what areas you should declare, you should contact your local area office or seek professional advice.

### Discrepancies in area claimed

We cannot issue payments on an area greater than the area you claim on your Single Application Form. If we find an area greater than the area you claim on your form, we will only pay on the area you claim.

### Basic Payment Scheme

If we find a difference between the number of Basic Payment Scheme payment entitlements you hold and the number of eligible hectares you claimed on your Single Application Form, we will calculate your basic Payment on the lower number.

If the eligible area we find for the Basic Payment Scheme is less than the area you claimed on your form, we will calculate your payment on the eligible area we found or the number of Basic Payment Scheme payment entitlements you hold, whichever is the lesser.

For 2015, the first year of the Basic Payment Scheme, the difference is calculated between the area you claimed on your form and the eligible area found.

Entitlements will not be taken into account in the first year as they will be allocated based on the lesser of the claimed or eligible area.

## Over declaration penalties

These rules apply in cases where the number of hectares of eligible land determined (found) is less than the number of hectares you claim on your Single Application Form.

If we find that the ineligible land has been claimed in a previous year, we may have to penalise these claims too and recover some or all of the payments we have made.

Where we find a difference between the number of hectares you claimed and the number of hectares found, penalties will apply as follows:

- if the difference is more than either 3 per cent or two hectares, but not more than 20 per cent of the eligible land found, we will reduce the area eligible for payment by twice the difference we found
- if the difference is more than 20 per cent of the eligible land found, we will not pay you a Basic Payment Scheme payment

If the difference is more than 50 per cent of the eligible land found, we will not pay you a Basic Payment Scheme payment for that year.

In addition to losing this payment, we will then calculate a further penalty amount to be taken from any subsequent pillar one or pillar two payments due to you over the next three years until the penalty is fully repaid.

If this penalty amount is not repaid over the following three years, the remaining is written off and no further reductions will be made in relation to this penalty.

Where there are multiple claimants on a land parcel, we will calculate penalties in proportion to the area of the land parcel you claimed.

### **Basic Payment Scheme**

For the Basic Payment Scheme, from scheme year 2016, whether penalties are appropriate depends on a comparison between

- the number of hectares of eligible land claimed
- the number of eligible hectares found
- the number of entitlements held

For 2015, the first year of the scheme, the comparison will be between the number of hectares of eligible land claimed and the number of eligible hectares found. For example:

- if the total eligible area we find is less than the land you claimed and the land you claimed is equal to or less than the number of entitlements you hold, we will calculate the penalty on the difference between the land claimed and found
- if the total eligible area we find is less than the land you claimed but the land you claimed is greater than the number of entitlements you hold, we will calculate the penalty on the difference between the land found and the number of entitlements held

We will not penalise your payment for an over declaration (ie overclaim) of eligible areas if the total eligible area we find is equal to or greater than the number of payment entitlements you hold.

If we penalise your payment because there is a difference between the number of hectares of eligible land you claimed and the number of eligible hectares we find, and you hold entitlements of different values, we must pay you on the average value.

To calculate this average, firstly, we take the number of hectares you have claimed under the BPS on your Single Application Form.

We then take this number and match it to your entitlements, applying the basic scheme usage rules, using the highest value first down to the lowest value.

Secondly, we add all these entitlements together and their values, and calculate the average value of your declared entitlements. We then take this average and multiply it by the area found, after any penalty reductions, to give you your gross payment.

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